

ECONOMIC DEVELOPMENT COMMITTEE MINUTES
October 11, 1994

PRESENT

G. Daley, Chair
J. Milardo
R. Santangelo
N. Conaway-Raczka (7:40)

ALSO PRESENT

S. Libby
E. Roberts
F. LoSacco
H. Watson, Jr.
Burstyn Travel applicants
One member of the public

J. Freeman
M. Quattro
R. Fusari
W. Kuehn, Jr.
L. Ozga
C. Wilcox

ABSENT

S. Shapiro

Chairman Daley called the meeting to order at 7:04 in Room 208 of the Municipal Building and opened the public session. S. Libby spoke to say that there was a possible executive session on the agenda again and that it was illegal, improper, and a violation of FOI statutes to authorize loans. He said the loans were "Mickey Mouse," corrupt, criminal loans that actually were gifts; and that the guarantees were nonexistent. He further made accusations of falsifying applications, kickbacks, and personal attacks on certain Municipal Development Office staff. He wanted to know what "trade secrets" there were for a sports bar, and doubted the sufficiency of tax returns for accurate information. Mr. Daley pointed out to Mr. Libby that month after month he complained about executive sessions, and talked about excesses; and there was no sense in responding to him when he continues in character assassination. He reminded Mr. Libby of the legality of the session, and that it is on the agenda as a possibility only if the committee so votes. Mr. Libby went on to derogate the City Attorney on her knowledge of FOI statutes, and promised to protest an executive session if it were called.

Earle Roberts spoke to the business loan programs and their effectiveness for creating jobs--especially manufacturing jobs. He thought the City should have some sort of scorecard to measure how well it was doing, whether goals were being met, how well the Municipal Development Office was doing as well as the Downtown Manager, whom he noted was not there. Mr. Daley responded that the Downtown Manager submitted a monthly report and came to EDC meetings on demand. He would be invited to the next regular meeting in November. E. Roberts suggested a more targeted approach focusing on jobs, and also for a monthly status report on both JOBS and REINVEST loan programs. He was interested in the tax base and the "pluses and minuses" of the whole Municipal Development Department. L. Ozga responded that REINVEST had a "zero" default rate and had generated investments equaling 5 private dollars for every 1 public dollar. G. Daley wanted to know how many jobs had been created by REINVEST. Mr. Roberts concluded by asking if current applicants were aware that they could use an executive session. Mr. Daley reiterated that the policy was that applicants could request an executive session but it was up to the committee to so vote. The bias was to avoid executive

sessions but not to the point of discouraging a viable applicant.

A resident of High Meadow Lane indicated he was from the community next to where CHAMPS USA was to be opened. He commented that is supposed to be a restaurant according to zoning, and said they do not need another bar in the area. There already are several and they are currently a problem. He commented that Bill Warner had said there would be no special permit for a bar, and felt that this proposal will not help the economy of Middletown.

F. LoSacco introduced himself as a retired businessman, and said that he was not required to give his name under FOI statutes. He had three topics to address--the first concerned the loans to the Clocktower Shops. Mr. LoSacco said Seb Timbro had quit-claim deeded his house to his wife; that she was to be a guarantor of the loan; that L. Ozga indicated she was not an owner of Clocktower any more; and that she was therefore not a guarantor. He asked Mr. Daley to look into this. He replied he would, but reminded Mr. LoSacco that all shareholders would provided guarantees; and guarantors would have assets sufficient to cover the loan. L. Ozga reported that every mandate of the resolution had been met. Mr. LoSacco's second topic was executive sessions. He questioned whether there was any purpose or grounds for executive sessions when thick packets of information were available to the press and public. Mr. Daley answered that no financial information was in the packet--only budgets and planned improvements. Mr. LoSacco commented on the FOIC and its finding fault with Middletown and its executive sessions. Mr. Daley replied that all applicants have to do is to say they have nothing to hide, and the committee will be happy to talk openly. Mr. LoSacco finally asked why the City is loaning money to bars.

Hampton Watson, Jr. next addressed the Committee, representing himself as a local contractor representing other minority contractors who feel they are not getting a "fair shake" on City jobs. He mentioned five or six jobs were advertised in the City--several through the Housing Authority--which were not being awarded to them even in areas of their own population. (N. Conaway-Raczka arrives 7:40.) Mr. Watson said he and his other contractors bid on local jobs, but still cannot get their "foot in the door," and claimed there was a bias in awarding City jobs. Mr. Daley commented that the Housing Authority bid its own jobs. Mr. Watson said he had contacted both Mark Masselli and Tom Gionfriddo but still feels he and his colleagues are getting nowhere. Mr. Daley replied that everyone has a right to bid, and that Mr. Watson has the right to see that the City follows the laws. He suggested contacting the Mayor's Office with the details of specific jobs in question, and having the Mayor's office verify how they were advertised. J. Milardo asked him to double-check that he was on the City's bid list, and pointed out there was also a local preference. L. Ozga commented that the Housing Authority must competitively bid their projects, and if he did not get notified he had a legitimate complaint. G. Daley closed the public session at 7:50.

Minutes

A motion was made by J. Milardo and seconded by R. Santangelo to accept the minutes of September 12. All voted in favor except N. Conaway-Raczka, who abstained.

A motion was made by N. Conaway-Raczka and seconded by R. Santangelo to accept the minutes of September 19. All voted in favor except J. Milardo, who abstained from all information except the last vote.

A motion was made by J. Milardo, seconded by R. Santangelo, and voted unanimously to move up Burstyn's REINVEST application on the agenda.

REINVEST

L. Ozga introduced Agnes, Cristina, and Joanna; and commented that their travel business was located at Waldbaum's Plaza and that she, as staff, recommends approval. She described their business as catering mainly to the Polish population and travel to Eastern Europe. Joanna had worked in her husband's agency, and they indicated there were 300 Polish families at Plaza Drive. L. Ozga commented the Department of Economic Development is going to open an office in Eastern Europe and might contact Burstyn. G. Daley opened the meeting to questions from the committee. N. Conaway-Raczka asked about the location and J. Milardo about the collateral. Joanna indicated the business would remain in Waldbaum's Plaza and that there was at least \$60,000 collateral in her house in Middletown to cover a loan of \$11,150. J. Milardo asked if the bank was aware of the need for a second mortgage. L. Ozga said staff feels collateral is adequate. A motion was made by N. Conaway-Raczka, seconded by R. Santangelo, and voted unanimously to send the request for an \$11,150 REINVEST loan on to the Common Council for approval. She said she believes more and more people will be traveling to Poland. J. Milardo remarked that the bank should be informed about the collateral.

Economic Development Fund Report

The report in the packet indicated \$11,639.60 in the free balance plus \$17,420.08 in income on page 1. Page 2 showed specific line items: REINVEST showed \$50,684 plus \$21,713.51.

Armory Project

Joshua Freeman handed out a letter from Bro Adams indicating that Wesleyan will be the nonprofit recipient of funds on behalf of the Armory Project until they get their 501(c)(3) IRS designation. The City was being asked to give \$10,000. J. Milardo asked what actions had been taken so far. W. Kuehn explained that in his research he found that no final designation of "designated developer" was ever made by the Common Council for this project. They should make sure the Council does this correctly. The entity designated

should not be a business entity but rather the nonprofit, Armory Community Cultural Center, Inc. (ACCC, Inc.). Discussion ensued over ownership of the building, Wesleyan's part, and what agency needed to act on what. The resulting agreement was that:

- a) ACCC, Inc. would be incorporated by Friday;
- b) The Redevelopment Agency would make ACCC, Inc. the designated developer;
- c) The Common Council would also designate ACCC, Inc.

A motion was made by N. Conaway-Raczka, seconded by R. Santangelo, and voted unanimously to approve a grant of \$10,000 from the Economic Development Fund for administrative and start-up expenses to Wesleyan University with the understanding that it will be used for the ACCC Project, and that this recommendation be sent to the Common Council meeting of November 7 for their approval.

Kwolek Request for City Property

W. Kuehn reported there was a memo from the tax assessor indicating the increase in value for the 50' x 200' piece of land would be from \$33,600 to \$36,400. J. Milardo made a motion to recommend sale of the land for \$3,000 subject to Planning & Zoning Section 8-24 review and Common Council approval. Motion was seconded by R. Santangelo and approved unanimously.

Country Club Associates

Attorney Mark Quattro and developer Bob Fusari were in attendance to discuss their request for a one-year extension of the agreement with the City to develop a golf course. Mr. Quattro gave a short history of the project indicating the City had wanted a golf course on the Newfield Street site since the 1960s. He became involved in 1990 and during the next year worked on plans with golf course architect Al Zikoris. In the fall of 1991 he met with the IWWA and Conservation Commission at which time it became evident that in order to keep the development out of the wetlands the 160 acres +/- would not be sufficient for 18 holes and a driving range. He spent 1992 looking for more adjacent land to lease. In 1993, across Tuttle Road (paper road in this area) he found enough land for three holes in Mr. Fusari's development which was owned by a limited partnership and the Bank of New York. Since banks are not allowed to be a general partner, the ownership changed to an investment group in Boston. In January 1994 they put together a development team--Golf Realty Advisors--to determine economic feasibility. Golf Realty Advisors did an independent study for Mr. Quattro and Tuttle Road Associates to determine if income projections and expenses were accurate. Since they disagreed on construction costs, they went on to develop biddable plans. Mr. Quattro expected the numbers to be in in three to four weeks.

J. Milardo asked, if the extension were granted, would they go ahead with the plans and local approval process. N. Conaway-Raczka asked if the permits would be filed within 12 months. Mr. Quattro answered yes to both, but indicated they may ask for an additional

year provided the applications are filed in the first year.

G. Daley asked about the lease, since he was not familiar with it. N. Conaway-Raczka explained it was a lease-option but not a recorded interest. The City gets all the improvements at the end of the 99-year lease. Mr. Daley then questioned the need for an extension for a whole year. He thought it might limit interest, and questioned going beyond the point of determination of economic viability. Mr. Quattro reiterated the request was still for a one-year extension with an automatic second-year extension if all the permits were in process by the end of the first year. Mr. Fusari pointed out that a short extension was not an act of faith on the part of the Town, and that the financial partners already had made a substantial investment. R. Santangelo said he would like more information and made a motion to table action on this request. He asked for copies of the lease, history of Common Council actions, and a one-page synopsis of the terms of the lease. N. Conaway-Raczka seconded the motion, which passed unanimously. The committee told the applicants they would meet again on October 24.

Promotional Video

Discussion revolved around issues of ownership of the film, whether its reproduction should be bid, whether the Economic Development Fund advertising line item was enough, how many copies were needed, and whether a bid waiver was appropriate. The Committee agreed an opinion from the City Attorney was needed; and upon a motion by N. Conaway-Raczka, seconded by J. Milardo, voted unanimously to table this item.

Downtown Manager's Report

The Committee asked that J. L. Pizarro attend a future meeting and upon a motion by N. Conaway-Raczka, seconded by R. Santangelo, accepted his report. All voted in favor except J. Milardo, who abstained.

REINVEST

Upon a motion by N. Conaway-Raczka, seconded by R. Santangelo, the REINVEST application for CHAMPS was moved up on the agenda. L. Ozga spoke to the application and noted there was a potential zoning violation on this property. Upon a motion by N. Conaway-Raczka, seconded by R. Santangelo, the committee voted unanimously to table action on this application until the next appropriate meeting after the zoning issue is clarified.

Economic Development Fund Ordinance

The Committee deferred consideration until October 24, 1994.

EDC Funds

W. Kuehn explained the moving of EDF line item funds was a "housekeeping" measure to protect them from recapture by the general fund. Upon a motion by N. Conaway-Raczka, seconded by R. Santangelo, it was voted unanimously to recommend the changes to the Council as proposed in the draft resolution in the packet.

Hartford Symphony/Middletown High School Proposal

N. Conaway-Raczka said that the EDF was not a good funding source and that the request should go to the Arts and Culture rather than to two separate City sources. The total request was for \$10,000 over one half of which was already raised in the private sector. A motion was made by J. Milardo, seconded by R. Santangelo, and voted unanimously to recommend to the Council that they fund between \$5,000 and \$6,000 from the general fund based on a match from the private sector.

CDBG Reallocation of Funds

L. Ozga reported that the Mayor had asked her for ideas for Economic Development for \$165,000+ to be reallocated. She was looking for EDC support for an application of \$120,000 which would represent 10% of the North End Industrial Area expenses for the hard-cost local match. W. Kuehn commented this would solve two problems: 1) with HUD on expending the funds which have been on hold for some time to move the soup kitchen and 2) to come up with the NEIA local match. N. Conaway-Raczka moved and R. Santangelo seconded a motion to support an application for CDBG funds for the NEIA local match. All voted in favor except J. Milardo, who opposed on grounds of a commitment to move the soup kitchen.

Other

The Committee agreed to hold a special meeting on Monday, October 24, at 7:30.

There being no further business, the meeting adjourned.

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